

Message Text

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PAGE 01 PARIS 10427 241409Z

43

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 SP-02 AID-05 NSC-05

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-04

SIL-01 L-02 H-02 PA-02 PRS-01 USIA-15 /110 W

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P R 241403Z APR 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC PRIORITY 8776

INFO USMISSION EC BRUSSELS

USDEL MTN GENEVA

USMISSION OECD PARIS

UNCLAS PARIS 10427

PASS TREASURY

E.O. 11652: N/A

TAGS: ETRD, EFIN, FR

SUBJECT: FRENCH CREDIT MEASURES TO EXPAND EXPORT

PRODUCTION CAPACITY

REF: PARIS 6939

1. AS PART OF ECONOMIC RECOVERY PROGRAM UNVEILED LAST EVENING BY PRESIDENT GISCARD D'ESTAING IN TELEVISED MONTHLY FIRESIDE CHAT (DETAILS OF PROGRAM REPORTED SEPTEL), FRENCH GOVERNMENT HAS ANNOUNCED FOLLOWING CHANGES IN CREDIT MEASURES DESIGNED TO STIMULATE EXPANSION, BY SMALL AND MEDIUM SIZED FIRMS, OF PRODUCTIVE CAPACITY FOR EXPORT.

A. RATE OF INTEREST ON LONG-TERM LOANS (OUTRISE THE HALF OF THE TOTAL CREDIT FINANCED OUT OF EXTERNAL BORROWINGS) EXTENDED UNDER THESE ARRANGEMENTS BEFORE DECEMBER 31, 1975 WILL BE REDUCED TO 8.5 PERCENT

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PAGE 02 PARIS 10427 241409Z

DURING FIRST 5 YEARS. TO ACCOMPLISH THIS, FRENCH

TREASURY WILL PAY SUBSIDY REPRESENTING DIFFERENCE
BETWEEN 8.5 PERCENT RATE AND COST OF EXTERNAL BORROWING.

B. UNDERTAKING TO INCREASE PROPORTION OF TOTAL SALES
REPRESENTED BY EXPORTS WILL BE MODIFIED SOMEWHAT SO
THAT FIRMS ALREADY EXPORTING LARGE PART OF THEIR
PRODUCTION, AS WELL AS THOSE WHOSE EXPORT SALES FLUCTU-
ATE APPRECIABLY FROM YEAR TO YEAR, CAN PARTICIPATE IN
PROGRAM.

C. HENCEFORTH SUB-CONTRACTORS OF EXPORTING FIRMS
AND FIRMS WHICH EXPORT THROUGH COMMERCIAL INTERMEDI-
ARIES WILL BE ELIGIBLE FOR LOANS UNDER THESE
ARRANGEMENTS.

2. IN HIS SPEECH GISCARD AGAIN REFERRED TO THIS
MEASURE AS ONE DESIGNED TO ENABLE "EXPORT FIRMS TO
DEVELOP THEIR PRODUCTIVE CAPACITY AND EMPLOYMENT."
IN ITS DESCRIPTION OF CHANGES, DISTRIBUTED TO PRESS
ON APRIL 24, FINANCE MINISTRY AGAIN DESCRIBED
PROGRAM AS ONE TO PROVIDE FINANCING TO "FIRMS WHICH
EXPAND THEIR PRODUCTIVE CAPACITY IN FRANCE IN ORDER
TO INCREASE IN A SIGNIFICANT FASHION VOLUME OF THEIR
SALES IN FOREIGN MARKETS."

RUSH

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Message Attributes

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Disposition Event:
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Margaret P. Grafeld
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